PPBS

New Process

Concerns with DoD PPBS Proc

- Guidance Coordination/ Affordability
  - No clear linkage between the broad strategies, DPG and fiscal guidance
  - DPG doesn't provide clear statement of SECDEF priorities
  - Often late and unaffordable
- Process Independence
  - Program/budget processes appear concurrent but not well coordinated
- Continuous Rework
  - Total POM and budget subject to disassembly, rebuild and review every year
- Changing Rules
  - Should not revisit expectations and metrics complied with in advance of submission to facilitate resource adjustments
- False Precision
  - Programming/acquisition process requires excessive detail too far into the future years
- Accountability
  - SECDEF oversight of the MilDept Secretaries should be limited to those matters of true significance or policy compliance
- Revisiting Decisions
  - Decisions made during one cycle are not always

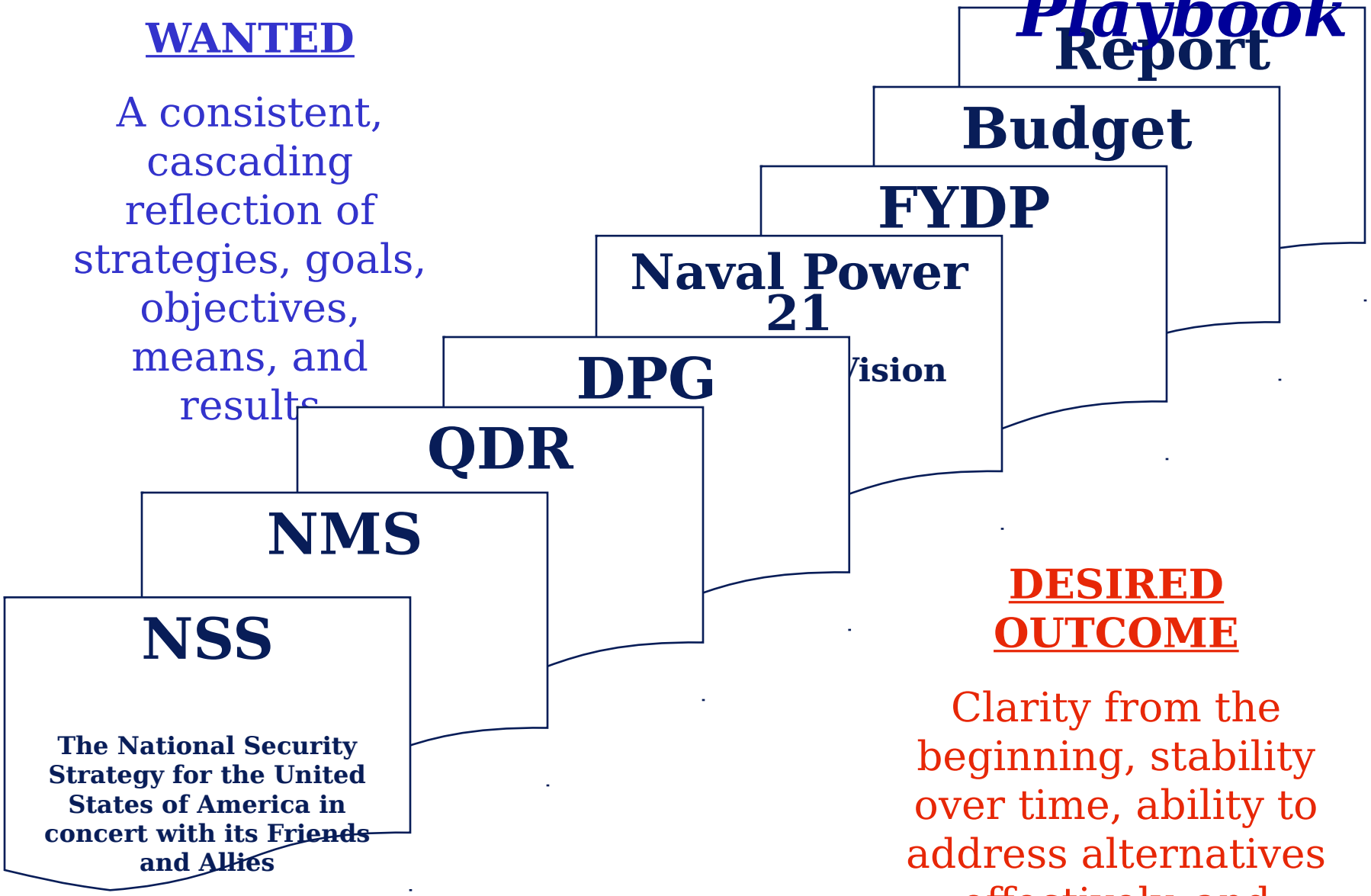
Radical Change Within D

- Start with clear, early strategic guidance; don’t reissue clear strategic guidance in static times
- Rely on performance models
- Focus on future mission capability alternatives – POM & Budget Process
- Institutionalize core savings process (e.g. “skunkworks”)
- Increase program stability
- Eliminate arithmetic Blue/Green split
- Shorten “corporate” phase of PPBS actions

DoN Playbook

WANTED

A consistent, cascading reflection of strategies, goals, objectives, means, and results



DESIRED OUTCOME

Clarity from the beginning, stability over time, ability to address alternatives effectively, and evaluate results

Overview

- FY 2004 Budget currently under review by OSD/OMB will translate into the President's Budget and FYDP baseline for FY 2005

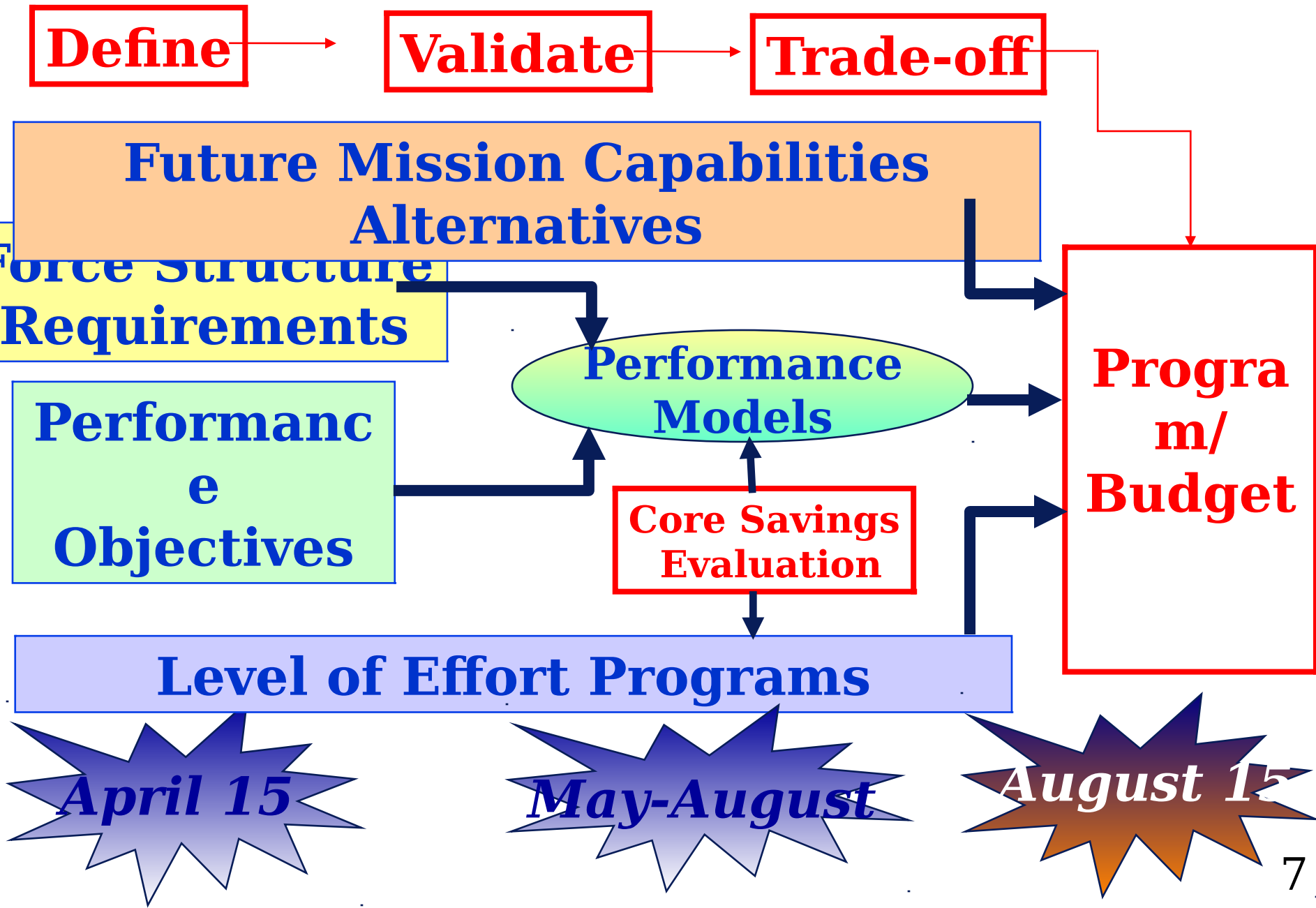
  - ✗ Do not want a process which will force revisitation of all prior resource allocation decisions

  - ✓ Need a process which will facilitate focused addressal of all issues necessary, shorten cycle time and increase stability of programs

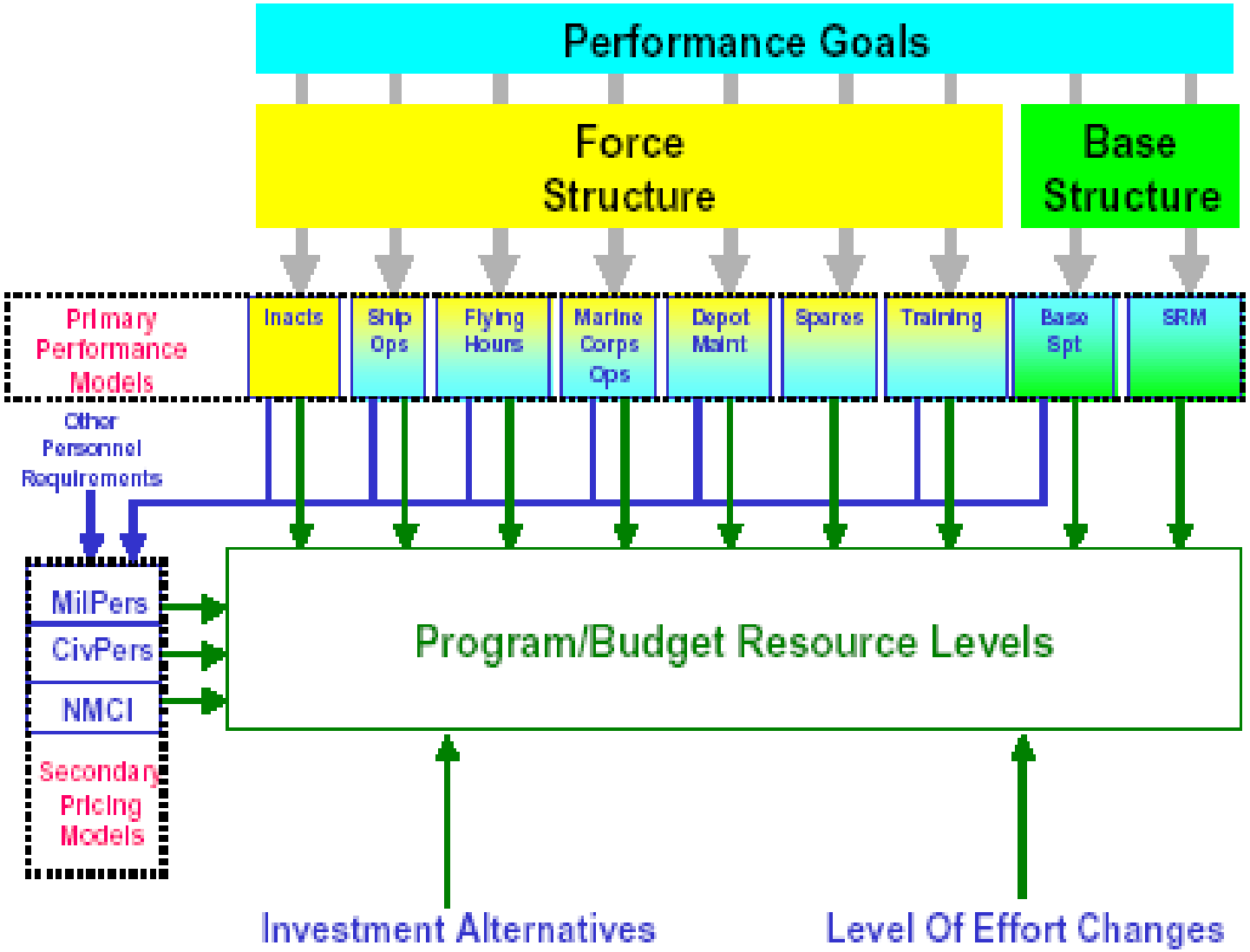
Recommended Decision Segments

	$B	%
◆Performance Models	60.6	53
◆Future Mission Capabilities	40.9	36
◆ Level of Effort	13.1	11
Total FY 2004 Budget	$114.6	

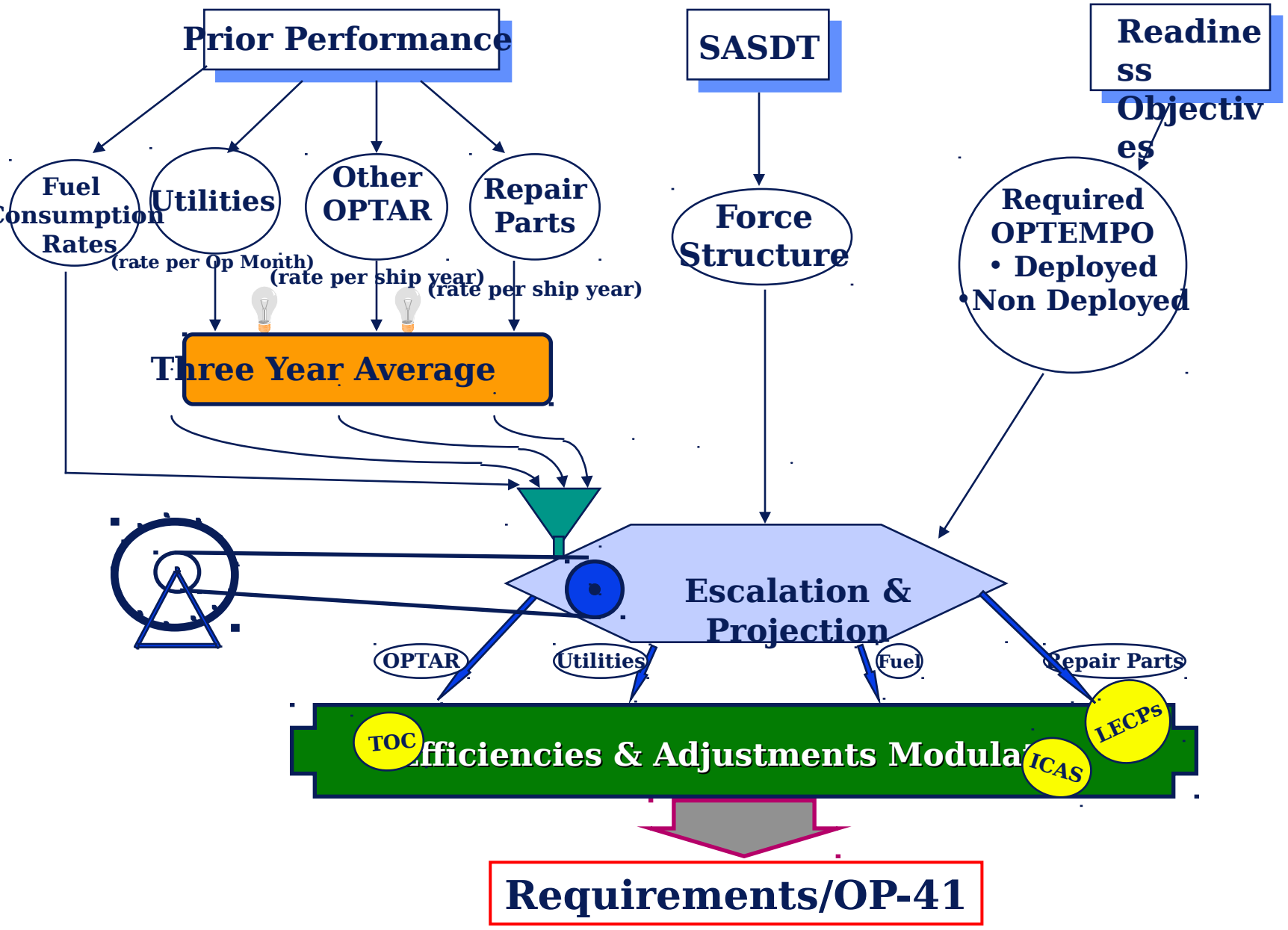
Concept/Timelin



Model and Process Inter-relations



Performance Model: Ship C



Future Capabilities Alternati

- **Current program of record forms baseline for potential change**

Process

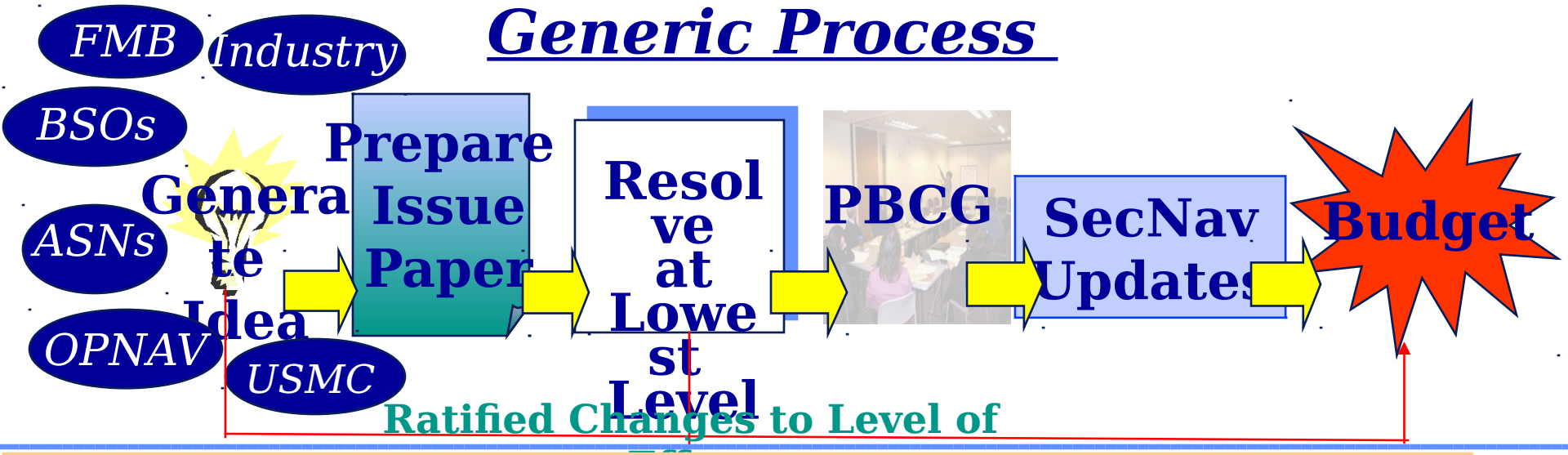
- Generation of issue alternatives to propose investment changes; may be pricing or programmatic in nature
  - Can be created by BSOs, FMB analysts, ASNs, OPNAV, HQMC
  - Intent to resolve at lowest level

- Services reassess capabilities
- Services reassess priorities
- Congressional action
- Contract slippage
- Industrial base issues
- Program slippage
- Program cost increases
- Acquisition management issues (DAB/ITAB Reviews)

- **Criteria whether to incorporate program changes**
  - Favorable cost/benefit analysis
  - Results in long-term positive impact to operating accounts

Level of Effo

Generic Process



- **Current level of effort program forms baseline for potential change**

- **Process**
  - Generation of targeted issue alternatives to propose major programmatic adjustments to selected level of effort programs
    - Can be initiated by OPNAV, BSOs, FMB, ASNs, HQMC
    - Intent to resolve at lowest level
  - Incorporate marginal analysis to assess minor LOE changes in all such programs
    - Impact of ~10% cut
    - Benefit of ~10% increase

- **Potential reasons for program changes**
  - Services reassess capabilities
  - Services reassess priorities
  - Congressional action

- **Criteria whether to incorporate program changes**
  - Consensus decision or management direction

Summary

- Current Status
  - Proceed with plans to transform the DoN PPBS process for FY 2005
    - Make the process more efficient and fielded capabilities more effective
  - Conceptual approval by SECNAV, CNO and CMC
  - Under OPNAV review for PR-05 changes
  - Issue Budget Guidance upon receipt of OPNAV recommendations